

**City Council Action
Financial Impact Report**

Title of Item: Ordinance No. 27,420 to be (1) introduced and (2) adopted with the emergency on September 26, 2023, or, in the alternative, set for second public hearing and final hearing for September 27, 2023, levying a sales tax of one percent (1%) on the gross proceeds or gross receipts derived from all sales taxable under the sales tax laws of the State of Oklahoma, providing a limited term of 72 months for such an excise tax, which will commence at 12:00 a.m. on April 1, 2028, and end at 12:00 a.m. on April 1, 2034.

Originating Department: Finance

Description of Impact

Ordinance No. 27,420 proposes to levy a temporary special sales tax of one percent (1%) for the special purpose of funding the construction of an arena facility to be owned by the City. It is anticipated that the tax will generate approximately \$976 million over a 72-month period. The tax, following approval by the voters on December 12, 2023, will begin on April 1, 2028, when the 1% tax levied by City Ordinance No. 26,255 and which funds the MAPS 4 Program ends.

Summary of Impact

a. Cost to City Organization: The implementation of this sales tax does not materially change the cost of administering the sales taxes collected for the City. The cost of managing the construction of the arena will be funded by the sales tax.

b. Cost to Citizens: Approximately \$976 million in sales tax is expected to be levied on all sales taxable under the laws of the State of Oklahoma. This amount is paid by citizens and business whenever they buy taxable goods and services. It is not known what percentage is paid by citizens. It is estimated that approximately 25% or \$244 million of sales taxes are paid by individuals and businesses from outside the city. That would mean approximately \$732 million is paid by Oklahoma City residents and businesses over the six-year term.

c. Cost to Business Community: Approximately \$976 million in sales tax is expected to be levied on all sales taxable under the laws of the State of Oklahoma. This amount is paid by citizens and business whenever they buy taxable goods and services. It is not known what percentage is paid by businesses. It is estimated that approximately 25% or \$244 million of sales taxes are paid by individuals and businesses from outside the city. That would mean approximately \$732 million is paid by Oklahoma City residents and businesses over the six-year term.

d. Revenue Produced: \$976 million over a 72-month period.

Source of Funds

Fund Name: Arena Sales Tax Fund

Agency Name:

Department Head Signature:



9/14/23

OMB Review Completed by:



09/14/2023